area. Hence, efforts are being made to further develop natural gas transportation network in the country, for which no specific scheme has been formulated by the Union Government for the same, as of now.

**Impact of hike in oil prices**

†1739. SHRI BHAGAT SINGH KOSHYARI:
SHRI PRABHAT JHA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government agrees that increase in crude prices at international level over the last six months has impacted the country most;

(b) if so, the measures being taken by Government to avoid this;

(c) the security blanket currently available to prevent Indian market and consumers from the repercussion of huge rise and fall in the prices of crude oil at international level; and

(d) the extent to which oil bonds issued to compensate losses to public sector oil marketing companies is effective?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) to (d) The crude oil prices have been steadily increasing since December 2008 and the Indian basket, during July 2009 is $ 63.27 per barrel (up to 15th July 2009).The month-wise average prices of Indian Basket of Crude Oil since December'08 is tabulated below:

| | $/bbl |
|---|---|
| December' 08 | 40.61 |
| January'09 | 43.99 |
| February'09 | 43.22 |
| March'09 | 46.02 |
| April' 09 | 50.14 |
| May'09 | 58 |
| June'09 | 69.12 |
| July'09 (up to 15.07.09) | 63.27 |

In view of the sustained increase in international prices of crude oil and petroleum products, the retail selling prices of Petrol and Diesel were increased by Rs. 4/litre and Rs. 2/litre respectively at Delhi, with corresponding increases in the rest of the country, effective 2nd July'09.

As passing on the entire impact of the steep increase in the oil prices to the consumers would have resulted in sharp increase in the domestic prices, aggravating the inflationary conditions and weakened the high growth momentum of the economy, the Government took measures to ensure that the burden was shared by all the stakeholders, namely, the Government, the Upstream Oil Companies, the Public Sector Oil Marketing Companies (OMCs) and the consumers in the following manner:

†Original notice of the question was received in Hindi.

- Government, through issue of Oil Bonds
- Public Sector Upstream Oil Companies, through price discounts to OMCs.
- OMCs to bear a portion of the under-recoveries, and
- Consumers, through minimal price increases.

The OMCs were issued Oil Bonds for Rs.71,292 crore towards under-recoveries on sale of sensitive petroleum products, namely Petrol, Diesel, PDS Kerosene and Domestic LPG during the year 2008-09, which improved their financial position.

**Sale of natural gas for PMT**

1740. SHRI VIJAYKUMAR RUPANI:
SHRI KANJIBHAI PATEL:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Panna Mukta Tapti (PMT) JV partners invited bids for sale of natural gas upto 4 MMSCMD from 1 April, 2006 from various companies;

(b) whether it is also a fact that GSPCL offered the highest price for gas amongst the bidders;

(c) whether the Gujarat Government has made any representation to Government to follow the rules of tender procedure and offer gas to GSPCL, since their bid was the highest; and

(d) what is Government's reaction to the representation?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) The Production Sharing Contract (PSC) signed between the Government and the Joint Venture (JV) provides that the entire gas would be sold to the Government nominee.

However, during 2004-05, Government allowed PMT JV to directly sell 4.6 mmscmd gas, while the remaining about 6 mmscmd gas continued to be supplied to power & fertilizer consumers through GAIL. Further, it was decided that the position would be reviewed at the end of the year. In the meantime, perhaps on the understanding that the gas being marketed by GAIL might be released for direct marketing to JV from 2006-07, PMT JV solicited Expression of Interests (EoI) from prospective buyers to purchase gas up to 4 mmscmd from 1st April, 2006 for a period of two years with a caveat that the JV reserved the right to decide the quantity to be sold. As informed by PMT JV, GSPC and another buyer offered the highest price for this gas. The issue of continuing gas supplies to the power and fertilizer sector consumers by GAIL beyond 31.3.2006 was reviewed in the Ministry in March 2006 and it was decided that this arrangement needed to be continued for a further period of 2 years, *i.e.*, up to 31.3.2008, as then there were no alternative sources of gas supplies and any disruption in gas supplies would have resulted in idling of the existing assets in these important sectors.

Subsequently, it was decided in 2007 that, in accordance with the provisions of the PSC, all gas produced by PMT JV would be sold to Government nominee, *i.e.*, GAIL, from 2008-09. Accordingly,